

## EXPORT ENHANCEMENT ACT OF 1999

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SEPTEMBER 17, 1999.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. Gilman, from the Committee on International Relations,  
submitted the following

### R E P O R T

[To accompany H.R. 1993]

[Including cost estimate of the Congressional Budget Office]

The Committee on International Relations, to whom was referred the bill (H.R. 1993) to reauthorize the Overseas Private Investment Corporation and the Trade and Development Agency, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments (stated in terms of the page and line numbers of the introduced bill) are as follows:

Page 8, line 10, insert “and 1 full-time Commercial Service employee is stationed in the Baltic states,” after “countries”.

Page 7, strike lines 4 and 5 and insert the following: succeeds in project implementation.”.

Page 8, line 17, strike “Assistant” and all that follows through “Service” on line 19 and insert “Secretary of Commerce, acting through the Under Secretary of Commerce for the International Trade Administration,”.

Page 12, line 24, strike “September 30, 1999,” and insert “March 30, 2000, and annually thereafter,”.

Page 4, insert the following after line 17:

(13) The Congress is encouraged by the success of the Market Access and Compliance Unit of the ITA and supports the Unit’s efforts to develop mobile teams to resolve market access problems and ensure

compliance by United States trading partners with trade agreements and commitments.

(14) The Congress acknowledges the demands upon the Market Access and Compliance Unit of the ITA and recommends that priority be given to funding for this unit to ensure that adequate resources are available for it to fully implement its mission.

Page 9, insert the following after line 17 and redesignate succeeding subsections accordingly:

(d) REPORTING ON VIOLATIONS OF TRADE AGREEMENTS.—

The ITA should—

(1) identify countries and entities, as practicable, that violate commitments under trade agreements with the United States and the impact of these violations on specific sectors of the United States economy;

(2) identify steps taken by the ITA on behalf of United States companies affected by these violations; and

(3) publicize, on an annual basis, the information gathered under paragraphs (1) and (2).

Page 10, insert the following after line 2 and redesignate the succeeding subsection accordingly:

(f) STANDARDS ATTACHES.—Subject to the availability of appropriations, the International Trade Administration shall take the necessary steps to increase the number of standards attaches in the European Union and in developing countries.

(g) EXPANSION OF PROGRAMS TO ASSIST SMALL BUSINESSES.—The International Trade Administration shall expand its efforts to assist small businesses in exporting their products and services abroad by using electronic commerce technology and other electronic means—

(1) to communicate with significantly larger numbers of small businesses about the assistance offered by the ITA to small businesses in exporting their products and services abroad; and

(2) to provide such assistance.

Page 13, Add the following after line 3:

#### **SEC. 10. TIMING OF TPCC REPORTS.**

Section 2312(f) of the Export Enhancement Act of 1988 (15 U.S.C. 4727(f)) is amended by striking “September 30, 1995, and annually thereafter,” and inserting “March 30 of each year,”.

### **COMMITTEE ACTION**

#### **INTRODUCTION AND CONSIDERATION OF THE BILL**

H.R. 1993, the Export Enhancement Act of 1999, was introduced by Rep. Manzullo on May 27, 1999, and referred to the Committee on International Relations.

On April 14, 1999, the Subcommittee on International Economic Policy and Trade held a hearing on reauthorizing OPIC. Testimony was received from the following witnesses: Mr. George Munoz, President, Overseas Private Investment Corporation; Mr. John

Hardy, Vice President of Project Finance, Enron International; Mr. Willard A. Workman, Vice President, International Division, U.S. Chamber of Commerce; Jim Sheehan, Director of International Environmental Policy, Competitive Enterprise Institute; and Scott Fischer, Vice President, North American Trade Division, Citicorp.

#### MARKUP OF THE BILL

On June 28, 1999, the bill was referred to the Subcommittee on International Economic Policy and Trade, which subsequently waived consideration of the measure.

The Full Committee marked up the bill, pursuant to notice, in open session, on July 1, 1999. Two amendments were adopted, a Gilman en bloc, and a Gejdenson en bloc.

With a quorum being present, the Committee, by a recorded vote of 27 ayes to eight nays, with one voting “present”, ordered the bill, as amended, reported to the House, with the recommendation that the bill, as amended, do pass.

#### ROLLCALL VOTES

Clause (3)(b) of rule XIII of the Rules of the House of Representatives requires that the results of each record vote on an amendment or motion to report, together with the names of those voting for or against, be printed in the committee report.

*Description of amendment, motion, order, or other proposition (votes during markup of H.R. 1993–July 1, 1999)*

Vote No. 1—Bereuter motion to favorably report H.R. 1993, as amended:

Voting yes: Gilman, Bereuter, Ros-Lehtinen, Ballenger, Manzullo, Houghton, McHugh, Radanovich, Cooksey, Gejdenson, Ackerman, Faleomavaega, Martinez, Menendez, Brown, Hastings, Daner, Hilliard, Sherman, Rothman, Davis, Pomeroy, Delahunt, Meeks, Lee, Crowley, Hoeffel.

Voting no: Rohrabacher, Royce, Chabot, Sanford, Salmon, Campbell, Tancredo, McKinney.

Voting “present”: Burr.

Totals: Voting Aye, 27; voting No, 8; voting “Present”, 1.

#### OTHER MATTERS

##### COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee reports the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

##### COMMITTEE ON GOVERNMENT REFORM FINDINGS

Clause 3(c)(4) of rule XIII of the Rules of the House of Representatives requires each committee report to contain a summary of the oversight findings and recommendations made by the Government Reform Committee pursuant to clause (4)(c)(2) of rule X of those

Rules. The Committee on International Relations has received no such findings or recommendations from the Committee on Government Reform.

#### ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

#### APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

#### CONSTITUTIONAL AUTHORITY STATEMENT

In compliance with clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee cites the following specific powers granted to the Congress in the Constitution as authority for enactment of H.R. 1993 as reported by the Committee: Article I, section 8, clause 1 (relating to providing for the common defense and general welfare of the United States); Article I, section 8, clause 3 (relating to the regulation of commerce with foreign nations); and Article I, section 8, clause 18 (relating to making all laws necessary and proper for carrying into execution powers vested by the Constitution in the government of the United States).

#### PREEMPTION CLARIFICATION

Section 423 of the Congressional Budget Act of 1974 requires the report of any committee on a bill or joint resolution to include a committee statement on the extent to which the bill or joint resolution is intended to preempt state or local law. The Committee states that H.R. 1993 is not intended to preempt any state or local law.

#### NEW BUDGET AUTHORITY AND TAX EXPENDITURES, CONGRESSIONAL BUDGET OFFICE COST ESTIMATE, AND FEDERAL MANDATES STATEMENTS

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives requires each committee report that accompanies a measure providing new budget authority, new spending authority, or new credit authority or changing revenues or tax expenditures to contain a cost estimate, as required by section 308(a)(1) of the Congressional Budget Act of 1974, as amended, and, when practicable with respect to estimates of new budget authority, a comparison of the estimated funding level for the relevant program (or programs) to the appropriate levels under current law.

Clause 3(d) of rule XIII of the Rules of the House of Representatives requires committees to include their own cost estimates in certain committee reports, which include, when practicable, a comparison of the total estimated funding level for the relevant program (or programs) with the appropriate levels under current law.

Clause 3(c)(3) of rule XIII of the Rules of the House of Representatives requires the report of any committee on a measure which

has been approved by the Committee to include a cost estimate prepared by the Director of the Congressional Budget Office, pursuant to section 403 of the Congressional Budget Act of 1974, if the cost estimate is timely submitted.

Section 423 of the Congressional Budget Act requires the report of any committee on a bill or joint resolution that includes any Federal mandate to include specific information about such mandates. The Committee states that H.R. 1993 does not include any Federal mandate.

The Committee adopts the cost estimate of the Congressional Budget Office as its own submission of any new required information with respect to H.R. 1993 on new budget authority, new spending authority, new credit authority, or an increase or decrease in the national debt. It also adopts the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act. The estimate and report which has been received is set out below.

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, July 16, 1999.*

Hon. BENJAMIN A. GILMAN,  
*Chairman, Committee on International Relations,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office (CBO) has prepared the enclosed cost estimate for H.R. 1993, the Export Enhancement Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Joseph C. Whitehill and Mark Hadley.

Sincerely,

BARRY B. ANDERSON  
(For Dan L. Crippen, Director).

Enclosure.

*H.R. 1993—Export Enhancement Act of 1999*

*Summary*

H.R. 1993 would authorize the Overseas Private Investment Corporation (OPIC) to issue new investment insurance and provide investment financing through 2003. In addition, the bill would authorize appropriations for the Trade and Development Agency (TDA) and for the International Trade Administration (ITA) of the Department of Commerce.

OPIC's new insurance would generate offsetting collections from premiums, but its new financing activities would require advance appropriation for the cost of any loan or guarantee to be extended. Assuming funding through 2003 at the 1999 level adjusted for inflation, CBO estimates that funding OPIC would lower discretionary outlays by \$12 million over the next five years. (If funding were maintained at the 1999 level, the reduction in discretionary outlays would be \$30 million over the five-year period.)

The bill would authorize the appropriation of \$48 million for the TDA and \$294 million for the ITA in 2000 and such sums as may

be necessary thereafter. Assuming funding after 2000 would be adjusted for inflation, CBO estimates spending for these programs would total \$1.6 billion over the next five years. (If funding were maintained at the level authorized for 2000, spending would be \$1.5 billion over the five-year period.)

The bill would require the TDA to seek reimbursement of the cost of feasibility studies and other services from corporations that benefit from those services. CBO estimates that these collections, which would affect direct spending, would not be significant. Because the bill would affect direct spending, pay-as-you-go procedures would apply.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

#### *Estimated cost to the Federal Government*

The estimated budgetary impact of the bill is shown in the following table. The costs of this legislation fall within budget functions 150 (international affairs) and 370 (commerce and housing credit).

	By fiscal year, in millions of dollars—					
	1999	2000	2001	2002	2003	2004
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law:						
Estimated Authorization Level <sup>1 2</sup> .....	132	— 261	— 251	— 267	— 260	— 250
Estimated Outlays .....	43	— 96	— 174	— 239	— 246	— 245
Proposed Changes:						
Estimated Authorization Level <sup>3</sup> .....	0	385	386	389	396	351
Estimated Outlays .....	0	212	295	344	362	380
Spending Under the Bill:						
Estimated Authorization Level <sup>1 2 3</sup> .....	132	124	135	122	136	101
Estimated Outlays .....	43	116	121	105	117	135

<sup>1</sup> Budget authority and outlays for OPIC's insurance program are generally negative because of offsetting collections from fee income and interest on investments.

<sup>2</sup> The 1999 level is the amount appropriate for that year.

<sup>3</sup> These figures include funding for OPIC's administrative expenses and subsidy costs at the 1999 funding level with adjustments for inflation. If spending for these purposes were projected at the 1999 level, authorizations and outlays would be \$25 million and \$18 million less, respectively, over the five-year period. The figures for the TDA and ITA assume funding after 2000 at the authorized 2000 level with adjustments for inflation. If spending for the TDA and ITA were maintained at the 2000 level, authorizations and outlays would be \$103 million and \$85 million less, respectively, over the five-year period.

#### *Basis of estimate*

The estimate assumes enactment of the bill and funding of the authorized programs in subsequent appropriation acts. CBO used historical spending rates to estimate outlays.

*Overseas Private Investment Corporation.* OPIC insures U.S. investors in developing countries and emerging markets against losses due to expropriation, currency inconvertibility, and damage due to political violence. In addition, OPIC provides loans and guarantees to finance such investment. The bill would authorize OPIC to issue new insurance and to provide investment credits through 2003 to such extent as may be provided in annual appropriation acts. The estimate assumes funding of OPIC's programs over the next four years at the 1999 level, adjusted for inflation.

*Insurance Program.* CBO estimates that, under the bill, OPIC would issue \$5 billion to \$6 billion in new insurance each year

through 2003. We estimate that the new insurance would generate net collections of \$169 million over the next five years, assuming 20 percent of the policies are not renewed each year and premium income of 0.33 percent on the amount of outstanding insurance.

**Credit Subsidy.** CBO estimates that funding OPIC's credit program at the 1999 level (\$50 million) adjusted for inflation for the next four years would increase outlays by \$107 million over the 2000–2004 period. If appropriations of 450 million a year were provided, additional outlays would be \$103 million over the five-year period.

**Administrative Expenses.** The estimate assumes that under current law OPIC's administrative expenses would be gradually reduced by 50 percent in real terms to a level sufficient to service its outstanding insurance and finance portfolios. Under the bill, the estimate assumes that administrative expenses would be funded at the 1999 level adjusted for inflation except for the \$2 million in emergency appropriations. Thus, CBO estimates an increase in spending of 451 million over current law. (If funding were maintained at the 1999 level, additional spending for administrative expenses would total \$37 million over the 2000–2004 period.)

	By fiscal year, in millions of dollars—					
	1999	2000	2001	2002	2003	2004
<b>INSURANCE PROGRAMS <sup>1</sup></b>						
Spending Under Current Law:						
Estimated Authorization Level .....	–282	–294	–280	–291	–280	–270
Estimated Outlays .....	–282	–294	–280	–291	–280	–270
Proposed Changes: <sup>1</sup>						
Estimated Authorization Level .....	0	–9	–24	–38	–49	–49
Estimated Outlays .....	0	–9	–24	–38	–49	–49
Spending Under the Bill:						
Estimated Authorization Level .....	–282	–303	–304	–329	–329	–319
Estimated Outlays .....	–282	–303	–304	–329	–329	–319
<b>CREDIT SUBSIDY</b>						
Spending Under Current Law:						
Budget Authority <sup>2</sup> .....	50	0	0	0	0	0
Estimated Outlays .....	37	42	32	19	12	5
Proposed Changes:						
Estimated Authorization Level .....	0	51	52	53	54	0
Estimated Outlays .....	0	2	10	24	33	38
Spending Under the Bill:						
Estimated Authorization Level <sup>2</sup> .....	50	51	52	53	54	0
Estimated Outlays .....	37	43	42	43	44	43
<b>ADMINISTRATIVE EXPENSES</b>						
Spending Under Current Law:						
Estimated Authorization Level <sup>2</sup> .....	35	33	29	24	20	20
Estimated Outlays .....	34	33	30	25	20	20
Proposed Changes:						
Estimated Authorization Level .....	0	1	6	12	18	17
Estimated Outlays .....	0	1	5	11	17	17
Spending Under the Bill:						
Estimated Authorization Level <sup>2</sup> .....	35	34	35	36	38	37
Estimated Outlays .....	34	34	35	36	37	37
<b>TOTAL SPENDING SUBJECT TO APPROPRIATION</b>						
Spending Under Current Law:						
Estimated Authorization Level <sup>1,2</sup> .....	–197	–261	–251	–267	–260	–250
Estimated Outlays .....	–211	–220	–218	–247	–249	–245
Proposed Changes:						
Estimated Authorization Level .....	0	43	34	27	23	–32

	By fiscal year, in millions of dollars—					
	1999	2000	2001	2002	2003	2004
Estimated Outlays .....	0	– 7	– 9	– 3	1	6
Spending Under the Bill: <sup>3</sup>						
Estimated Authorization Level <sup>1 2</sup> .....	– 197	– 218	– 217	– 240	– 237	– 282
Estimated Outlays .....	– 211	– 226	– 227	– 250	– 248	– 239

<sup>1</sup> Budget authority and outlays for OPIC's insurance program are generally negative because of income from offsetting collections.

<sup>2</sup> The 1999 level is the amount appropriated for that year.

<sup>3</sup> These figures include funding for administrative expenses and subsidy costs with adjustments for inflation. If spending for these purposes were projected at the 1999 level, authorizations and outlays would be \$25 million and \$18 million less, respectively, over the five-year period.

Trade and Development Agency. H.R. 1993 would authorize the appropriation of \$48 million for the TDA in 2000 and such sums as may be necessary for each fiscal year thereafter. The estimate assumes that the appropriations for the TDA after 2000 would be adjusted for inflation.

	By fiscal year, in millions of dollars—					
	1999	2000	2001	2002	2003	2004
SPENDING SUBJECT TO APPROPRIATION						
TDA Spending Under Current Law:						
Budget Authority <sup>1</sup> .....	44	0	0	0	0	0
Estimated Outlays .....	54	42	18	8	3	0
Proposed Changes:						
Estimated Authorization Level <sup>2</sup> .....	0	48	49	50	51	52
Estimated Outlays .....	0	13	33	42	47	49
TDA Spending Under the Bill:						
Estimated Authorization Level <sup>1 2</sup> .....	44	48	49	50	51	52
Estimated Outlays .....	54	55	51	50	50	49

<sup>1</sup> The 1999 level is the amount appropriated for that year.

<sup>2</sup> These figures assume funding after 2000 at the authorized level with adjustments for inflation. If spending for the TDA were maintained at the 2000 level, authorizations and outlays would be \$11 million and \$8 million less, respectively, over the five-year period.

The bill would require the TDA to seek reimbursement for the cost of its feasibility studies and project planning services from corporations and other entities that benefit from those services. Annual appropriation acts have provided similar authority since 1996, and TDA has collected less than \$200,000 for its services in the last four years. CBO estimates that the collections generated by this permanent authority would not be significant.

International Trade Administration. For fiscal year 2000, H.R. 1993 would authorize the following appropriations for the International Trade Administration: \$24 million for market access and compliance programs, \$68 million for trade development programs, and \$202 million for commercial service programs. The bill would authorize the appropriation of such sums as may be necessary for each fiscal year thereafter. As shown in the following table, the estimate assumes that the appropriations for the ITA after 2000 would be adjusted for inflation. Based on the historical spending pattern of the agency, CBO estimates this provision would increase spending by \$1.4 billion over the 2000–2004 period.

	By fiscal year, in millions of dollars—					
	1999	2000	2001	2002	2003	2004
SPENDING SUBJECT TO APPROPRIATION						
TDA Spending Under Current Law:						
Budget Authority <sup>1</sup> .....	285	0	0	0	0	0
Estimated Outlays .....	200	82	26	0	0	0



	By fiscal year, in millions of dollars—					
	1999	2000	2001	2002	2003	2004
Proposed Changes:						
Estimated Authorization Level <sup>2</sup> .....	0	294	303	312	322	331
Estimated Outlays .....	0	206	271	305	315	324
ITA Spending Under the Bill:						
Estimated Authorization Level <sup>1,2</sup> .....	285	294	303	312	322	331
Estimated Outlays .....	200	288	297	305	315	324

<sup>1</sup> The 1999 level is the amount appropriated for that year.

<sup>2</sup> These figures include funding at the authorized 2000 level with adjustments for inflation. If spending for the ITA were projected at the 2000 level, authorizations and outlays would be \$92 million and \$77 million less, respectively, over the five-year period.

### *Pay-as-you-go considerations*

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. H.R. 1993 would require the TDA to seek reimbursement of the cost of feasibility studies and other services from corporations that benefit from those studies and services. Thus, enacting the bill would affect direct spending but CBO estimates that new collections under the bill would not be significant.

### *Intergovernmental and private-sector impact*

The bill contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of the state, local, or tribal governments.

Estimate prepared by: Impact on the Federal Budget—International Trade Administration: Mark P. Hadley; all other provisions: Joseph C. Whitehill. Impact on state, local, and tribal governments: Leo Lex; impact on the private sector: Keith Mattrick.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

## SECTION-BY-SECTION ANALYSIS

### *Section 1. Short title*

This section states that the Act may be cited as the “Export Enhancement Act of 1999”.

### *Section 2. Findings*

This section makes a number of findings concerning the Overseas Private Investment Corporation (OPIC); the Trade and Development Agency (TDA); and the programs of the International Trade Administration (ITA).

Regarding OPIC, it notes that the Corporation has sold investment services and mobilized private sector resources to assist developing countries and emerging democracies. While reinforcing these foreign policy goals, it has generated over \$58 billion in U.S. exports and created more than 237,000 jobs. While operating on a self-sustaining basis, it has maintained a claims recovery rate of 95 percent since its inception in 1971, settling over 250 claims for \$541 million and recovering all but \$20 million of that amount.

Regarding TDA, it finds that this agency effectively promotes U.S. business involvement in infrastructure projects in developing and middle-income countries, and that it has generated more than

\$12 billion in U.S. exports. For every \$1 in spending for its projects, it generates \$32 of sales of U.S. goods and services.

It notes the important role that the ITA plays in our overall export promotion programs, including the Rural Export Initiative. And it points to the contribution of the ITA's United States and Foreign Commercial Service in helping U.S. businesses identify export opportunities by developing reliable sources of information on commercial opportunities in foreign countries.

Finally, it points to the strong Congressional support for the ITA's Market Access and Compliance (MAC). This trade unit helps to resolve market access problems and to ensure compliance by our trading partners with existing trade agreements and obligations.

### *Section 3. Policy recommendations*

This section notes that OPIC should continue its current policies of prudent fiscal management including charging appropriate user fees and maintaining a conservative ratio of reserves to liabilities. It should also continue to apply a risk-mitigation approach in areas of instability and economic turmoil and to submit all of its programs and projects, including its investment funds, to outside independent audits. The Committee believes that OPIC should continue to increase financial management and oversight over its current portfolio of 26 investment funds and should ensure that it has the resources and capabilities of providing for a systematic and careful review of all subproject applications considered by these funds. The Committee expects to be briefed on a periodic basis regarding the creation of any new funds and the commitment of additional guaranty exposure in regard to its existing funds.

The Committee commends the recent efforts of OPIC to outreach to small business. Because of the nature of the narrow mission of OPIC, many small businesses are not aware of the resources available to help them access overseas markets. It is important that OPIC maintain and expand this outreach because more and more small businesses are entering the international trade arena. As recently as 1987, only about one in 10 manufacturers with fewer than 100 workers exported. Now, about one in every four small manufacturers export. As these small firms grow more comfortable with selling and expanding their presence overseas, they will wish to insure against political risk any foreign investment they may have acquired.

The Committee notes that OPIC's sister agency, the Export-Import Bank of the United States, takes great pride in the fact that they have dramatically increased small business participation to the point where small firms now account for 81 percent of the actual transactions and account for 21 percent of the total dollar value of their activities. This represents a 60 percent increase over the past seven years for small business export financing for this agency.

The Committee would like to see a similar effort by OPIC which reported that in 1996 small business directly participated in 18 percent of all OPIC-assisted projects and small business received 6.3 percent of the dollar value of OPIC's insurance and financing programs. Over the next four years, the Committee expects that the ongoing small business initiative at OPIC will result in a dou-

bling of these percentages whereby small business will participate in 36 percent of all OPIC-assisted projects and will receive at least 12 percent of the dollar value of OPIC's insurance and financing programs by the year 2003.

The Committee will use its oversight function to monitor OPIC's performance and progress towards achieving this goal.

This section also directs the ITA to give priority to insuring compliance with existing international trade treaties and increasing outreach of its export promotion programs to urban areas.

#### *Section 4. OPIC issuing authority*

This section reauthorizes OPIC through the year 2003, for four years, consistent with the length of the mandate for the U.S. Export-Import Bank. It makes no changes in the Corporation's program ceiling.

OPIC offers two basic products that support financially sound, American-owned private ventures in new markets: political risk insurance and financing in the form of loans, loan guaranties and direct equity investment funds. OPIC was established by Congress as an independent agency in 1971 and is authorized to operate in 140 foreign countries. It supports U.S. investors doing business overseas in countries and regions of strategic importance to the U.S. and only gets involved in projects when private financing and insurance are insufficient.

#### *Section 5. Trade and Development Agency*

This section authorizes the President's request of \$48 million for FY 2000 for the Trade and Development Agency, a \$4 million increase over the current funding level of \$44 million. The Committee believes that this proposed program funding increase is warranted in light of the growing demand for TDA programs, particularly in Latin America and Africa.

TDA's core activity is the funding of feasibility studies on major infrastructure projects in developing and middle income countries. The record tends to show that when a U.S. company conducts a feasibility study, written to U.S. standards and specifications, its chances to win the follow-on implementation contracts are greatly enhanced.

The Committee believes that TDA should continue to find creative ways of stretching its limited budget whereby the U.S. Government can enter into risk sharing partnerships with U.S. companies doing business overseas. Toward this goal, this section codifies TDA's policies on cost sharing and success fees. And the Committee would urge TDA to continue to expand the percentage of its feasibility studies including success fee agreements and to ensure that it fully shares the risk of doing business in difficult economic environments with the private sector.

#### *Section 6. Programs of the International Trade Administration*

Section 6(a) authorizes funding for FY 2000 and 2001 for the International Trade Administration. In FY 2000, \$24,000,000 is authorized for the Market Access and Compliance Programs; \$68,000,000 for the Trade Development programs; and

\$202,000,000 for the U.S. and Foreign Commercial Service. Such sums as necessary are authorized for Fiscal Year 2001.

The Committee would note that after five years of decreasing appropriations, Market Access and Compliance needs to rebuild its base of country and trade compliance specialists to combat the growing number of trade barriers facing U.S. exporters. For example, since 1995 its regional staffing has been cut by more than 100 positions in key markets such as China, Japan and Western Europe.

Section 6(b) requires the Secretary of Commerce, subject to appropriations, to increase the presence of the Foreign Commercial Service in Africa and Latin America by ensuring that there are no fewer than 10 employees stationed in sub-Saharan Africa, that there is at least one full-time employee in each country in South and Central America and that there are sufficient foreign commercial service officers in the Caribbean to ensure that U.S. businesses are made aware of existing market opportunities in that region.

The Committee is concerned that current staffing levels do not meet the needs of U.S. businesses. In many instances, commercial service officers in the field have to balance multiple duties and responsibilities and are unable to provide adequate representation to all the actual and potential U.S. businesses in country. Moreover, there is an increasing need for personnel who have extensive private sector experience and training.

Section 6(c) requires the Secretary of Commerce to make a special effort to identify: (1) goods and services of American companies which are not being exported to Latin America and sub-Saharan Africa but which are being exported to countries in those regions by our trading competitors, and (2) trade barriers and non-competitive actions, including violations of intellectual property rights, that are adversely affecting U.S. companies in those regions. The Secretary is also required to publish this information and bring it to the attention of the appropriate authorities in all the countries of Latin America and sub-Saharan Africa and to report to Congress on efforts being made to increase exports to those regions.

Section 6(d) authorizes the Global Diversity and Urban Export Initiative to help increase exports from minority-owned businesses in urban areas. The Committee recognizes that minority-owned business are growing rapidly both in numbers of new firms and in total sales. However, many of these firms have not made comparable progress in accessing the global marketplace and, in particular, in exporting their goods and services. The intent of the Initiative is for the U.S. Commercial Service to work with minority-owned businesses in urban and under-served areas to increase exports from these firms.

Section 6(e) authorizes the ITA to advertise its export promotion services in the media.

#### *Section 7. Board of directors*

This section removes the current requirement that the Administrator of the Agency for International Development must serve as the Chairman of the Board of OPIC and the United States Trade Representative or her or his deputy must serve as the Vice Chairman of the Board of OPIC. It thereby gives the President the dis-

cretion to choose the most qualified person among the OPIC Board members who could devote the required time and attention needed to serve in these important capacities.

#### *Section 8. Strategic Export Plan*

This section asks the Administration to develop a Strategic Export Plan to expand export promotion services to small and medium-sized enterprises; particularly to urge adoption of the Export-Trade Assistance Partnership (E-TAP) program of the Small Business Administration (SBA) throughout the U.S. Export Assistance Center (USEAC) network to encourage more small firms to become export ready. It also seeks to promote U.S. exports in key emerging markets in the Middle East, Africa and Latin America; and to integrate more fully the export promotion activities of AID.

The Committee notes that various reports over the past several years from the Inspector General (IG) of the Department of Commerce and the General Accounting Office (GAO) maintain that while progress has been made in coordinating and improving export promotion services, there is still room for improvement. ITA should make every effort to make sure that it is offering the most up-to-date and user-friendly export promotion information and services, particularly using the Internet.

In addition, these same audits reveal that there could be further improvements within the agencies of Department of Commerce for export promotion coordination, particularly with the Economic Development Agency (EDA), the Minority Business Development Agency (MBDA), the National Telecommunications and Information Administration (NTIA), and the National Institutes of Standards and Technology (NIST). Each agency has a special expertise and clientele.

The Committee believes that, while the ITA should continue to be the lead agency for trade promotion within the Commerce Department, it should also utilize the strengths of these other Commerce Department agencies when developing export promotion initiatives, particularly in the area of increasing the number of minority exporters, telecommunications initiatives, and helping developing countries shape their industry standards.

#### *Section 9. Implementation of primary objectives*

This section requires the Trade Policy Coordinating Committee to report on the actions taken to eliminate areas of overlap and duplication among the 19 federal export promotion agencies.

It also requires the TPCC to coordinate trade show activities by these same agencies. The Committee has heard reports from the business community that some TPCC agencies are not aware that other agencies are holding nearly identical trade shows or fairs. In addition, many of these agencies do not share similar databases or client lists so that a company used to dealing with one federal export promotion agency is not informed that another TPCC agency is sponsoring or promoting a trade show or fair that may be of benefit to them.

In order to avoid potential missed export opportunities, the Committee recommends that the TPCC should coordinate efforts to sponsor or promote trade shows or fairs. This provision is not

meant to prevent any TPCC agency from sponsoring or hosting a trade show. This is mainly an informational sharing provision. Each agency within the TPCC should know what the other is doing in terms of trade shows and fairs so at least they can alert their clientele to the possibility of participating in these sales opportunities.

The TPCC should also work with State and national organizations, such as the National Governor's Association, on export promotion projects; promote better coordination among State, Federal and private sector export promotion activities; and report to Congress no later than March 30, 2000 on progress made in these areas.

#### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

### FOREIGN ASSISTANCE ACT OF 1961

#### PART I

\* \* \* \* \*

#### CHAPTER 2—OTHER PROGRAMS

\* \* \* \* \*

#### TITLE IV—OVERSEAS PRIVATE INVESTMENT CORPORATION

\* \* \* \* \*

#### SEC. 233. ORGANIZATION AND MANAGEMENT.—(a) \* \* \*

(b) BOARD OF DIRECTORS.—All powers of the Corporation shall vest in and be exercised by or under the authority of its Board of Directors (“the Board”) which shall consist of fifteen Directors, including the Chairman, with eight Directors constituting a quorum for the transaction of business. [The Administrator of the Agency for International Development shall be the Chairman of the Board, ex officio. The United States Trade Representative shall be the Vice Chairman of the Board, ex officio, except that the United States Trade Representative may designate the Deputy United States Trade Representative to serve as Vice Chairman of the Board in place of the United States Trade Representative.] Eight Directors [(other than the President of the Corporation, appointed pursuant to subsection (c) who shall serve as a Director, ex officio)] shall be appointed by the President of the United States, by and with the advice and consent of the Senate, and shall not be officials or employees of the Government of the United States. At least two of the eight Directors appointed under the preceding sentence shall be experienced in small business, one in organized labor, and one in co-operatives. Each such Director shall be appointed for a term of no more than three years. The terms of no more than three such Directors shall expire in any one year. Such Directors shall serve

until their successors are appointed and qualified and may be re-appointed.

The other Directors shall be officials of the Government of the United States, including *the President of the Corporation, the Administrator of the Agency for International Development, the United States Trade Representative, and* an official of the Department of Labor, designated by and serving at the pleasure of the President of the United States. *The United States Trade Representative may designate a Deputy United States Trade Representative to serve on the Board in place of the United States Trade Representative.*

*There shall be a Chairman and a Vice Chairman of the Board, both of whom shall be designated by the President of the United States from among the Directors of the Board other than those appointed under the second sentence of the first paragraph of this subsection.*

All Directors who are not officers of the Corporation or officials of the Government of the United States shall be compensated at a rate equivalent to that of level IV of the Executive Schedule (5 U.S.C. 5315) when actually engaged in the business of the Corporation and may be paid per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, as amended, from time to time, while away from their homes or usual places of business.

\* \* \* \* \*

#### SEC. 235. ISSUING AUTHORITY, DIRECT INVESTMENT AUTHORITY AND RESERVES.—

##### (a) ISSUING AUTHORITY.—

(1) \* \* \*

(2) TERMINATION OF AUTHORITY.—The authority of subsections (a), (b), and (c) of section 234 shall continue until September 30, **[1999]** 2003.

\* \* \* \* \*

### PART III

\* \* \* \* \*

#### CHAPTER 3—MISCELLANEOUS PROVISIONS

\* \* \* \* \*

#### SEC. 661. TRADE AND DEVELOPMENT AGENCY.

(a) PURPOSE.—The Trade and Development Agency shall be an agency of the United States under the foreign policy guidance of the Secretary of State. The purpose of the Trade and Development Agency is to promote United States private sector participation in development projects in developing and middle-income countries, *with special emphasis on economic sectors with significant United States export potential, such as energy, transportation, telecommunications, and environment.*

##### (b) AUTHORITY TO PROVIDE ASSISTANCE.—

(1) \* \* \*

\* \* \* \* \*

(5) *CONTRIBUTIONS TO COSTS.*—*The Trade and Development Agency shall, to the maximum extent practicable, require corporations and other entities to—*

*(A) share the costs of feasibility studies and other project planning services funded under this section; and*

*(B) reimburse the Trade and Development Agency those funds provided under this section, if the corporation or entity concerned succeeds in project implementation.*

\* \* \* \* \*

(f) *FUNDING.*—

(1) *AUTHORIZATION.*—(A) There are authorized to be appropriated for purposes of this section, in addition to funds otherwise available for such purposes, **[\$77,000,000 for fiscal year 1995 and such sums as are necessary for fiscal year 1996]** *\$48,000,000 for fiscal year 2000 and such sums as may be necessary for each fiscal year thereafter.*

\* \* \* \* \*

(2) *FUNDING FOR TECHNICAL ASSISTANCE GRANTS BY MULTILATERAL DEVELOPMENT BANKS.*—(A) The Trade and Development Agency should, **[in fiscal years 1993 and 1994, substantially increase the amount of funds it provides]** *in carrying out its program, provide, as appropriate, funds to multilateral development banks for technical assistance grants.*

## SECTION 2312 OF THE EXPORT ENHANCEMENT ACT OF 1988

### SEC. 2312. TRADE PROMOTION COORDINATING COMMITTEE.

(a) \* \* \*

\* \* \* \* \*

(c) *STRATEGIC PLAN.*—To carry out subsection (b), the TPCC shall develop and implement a governmentwide strategic plan for Federal trade promotion efforts. Such plan shall—

(1) \* \* \*

\* \* \* \* \*

(5) review efforts by the States (as defined in section 2301(i)) to promote United States exports and propose means of developing cooperation between State and Federal efforts, including co-location, cost-sharing between Federal and State export promotion programs, and sharing of market research data; **[and]**

(6) reflect the recommendations of the United States National Tourism Organization to the degree considered appropriate by the TPCC**[.]**;

(7) *ensure that all export promotion activities of the Agency for International Development are fully coordinated and consistent with those of other agencies;*

(8) *identify means for providing more coordinated and comprehensive export promotion services to, and on behalf of, small and medium-sized businesses; and*

(9) *establish a set of priorities to promote United States exports to, and free market reforms in, the Middle East, Africa, Latin America, and other emerging markets, that are designed*



*to stimulate job growth both in the United States and those regions and emerging markets.*

\* \* \* \* \*

(f) REPORT TO THE CONGRESS.—The chairperson of the TPCC shall prepare and submit to the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Committee on International Relations of the House of Representatives, not later than **【September 30, 1995, and annually thereafter,】** *March 30 of each year*, a report describing—

(1) \* \* \*

\* \* \* \* \*

